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FINANCE DEPARTMENT

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June 4, 1996

Mr. Reed E. Hundt
Chairman
Federal Communications Commission
Room 814
1919 M Street, NW
Washington, DC 20554

Ms. Rachelle B. Chong
Commissioner
Federal Communications Commission
Room 844
1919 M Street, NW
Washington, DC 20554

Ms. Susan Ness
Commissioner
Federal Communications Commission
Room 832
1919 M. Street, NW
Washington, DC 20554

Mr. James H. Quello
Commissioner
Federal Communications Commission
Room 802
1919 M Street, NW
Washington, DC 20554

RE: Redlining/Failure to Service by OVS Provider, CD Docket 96-46

Dear Chairman Hundt and Commissioners Chong, Ness and Quello:

The Town of Addison, Texas is very concerned about claims made by potential OVS providers that they may offer service only to "select" customers in a particular area. This policy may lead to discrimination and redlining resulting in denial of service to minority, low income and growing areas of our nation's municipalities.

This policy is of particular concern where the OVS provider is the only land-line video provider. This may occur in a substantial number of our nation's communities, especially if cable operators are allowed to switch to becoming OVS providers (or through the provision of telephone service the cable operators claim they are entitled to provide OVS service). Also, the new Telecommunications Act allows telephone companies to buy out cable companies in certain situations; and the laws of economics may result in there being only one video/data/telephone provider in a given area, which could well be an OVS provider.

Thus there is a substantial risk that the Open Video System provider could be the only wired, land-line video provider in many areas. If such a monopoly OVS provider has no restraints on where and whom it serves, it is likely to discriminate against or fail to serve large segments of our population.

Municipalities have classically addressed this issue as part of the just compensation they receive from cable companies for using public rights-of-way. The public, through the municipality, is entitled to just compensation for the use of its property. This compensation includes not only money but requirement to serve all residents of a city, or serve all areas with X dwelling units per mile in exchange for the use of public property.

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We strongly urge the Commission to prevent OVS from becoming a "redlining" service where large segments of our population cannot receive it. In this regard we urge you to consider and adopt in your OVS rules recommendations such as those set forth in the May 14 letter to the Cable Bureau from Counsel for Michigan, Indiana and Texas Communities (MIT Communities) which has specific recommendations for Commission action to prevent these problems from occurring. A copy of this letter is attached.

Per the Commissioner's ex parte rules, a copy of this letter is being provided to the Secretary for inclusion in the public record.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Randolph C. Moravec", with a stylized flourish at the end.

Randolph C. Moravec, CGFO
Director of Finance

cc: Mr. Blair Levin, Chief of Staff for Chairman Hundt
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1919 M Street, NW, Room 814
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